

**THE GREATER BATON ROUGE ECONOMIC
PARTNERSHIP, INC.**

BATON ROUGE, LOUISIANA

December 31, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/7/02

MICHAEL K. GLOVER

MGK

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Greater Baton Rouge Economic Partnership, Inc.
Baton Rouge, Louisiana

I have audited the accompanying financial statements of The Greater Baton Rouge Economic Partnership, Inc. Not-for-Profit Organization as of December 31, 2001, and the related statement of activities and cash flow as of December 31, 2001. These financial statements are the responsibility of the The Greater Baton Rouge Economic Partnership, Inc. Not-for-Profit Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the The Greater Baton Rouge Economic Partnership, Inc. Not-for-Profit Organization, as of December 31, 2001, and the changes in its net assets and its cash flows for the year ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 3, 2002 on my consideration of The Greater Baton Rouge Economic Partnership, Inc. Not-for-Profit Organization internal control over financial reporting and on my tests of its compliance with certain provision of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Michael K. Glover

Baton Rouge, LA
July 3, 2002

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2001

Assets

Current Assets

Cash and cash equivalents	\$ 54,218
Promise to give - Citizens Task Force (Note 3)	<u>25,000</u>

Total assets	\$ 79,218
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Liabilities and Net Assets

Liabilities

Current Liabilities

Accounts payable	\$ 9,424
Due to related party	9,073
Deferred leadership income	12,453
Other deferred income	<u>7,078</u>
Total liabilities	38,028

Net Assets

Unrestricted	17,864
Temporarily restricted	<u>23,326</u>
Total net assets	41,190

Total liabilities and net assets	\$ 79,218
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The accompanying notes are an integral part of this statement.

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2001

Changes in Unrestricted Net Assets

Revenues

Contributions - In Kind	\$ 226,408
Interest income	848
Community report card	13,814
Leadership income	39,293
Miscellaneous	<u>77</u>
Total unrestricted revenues	280,440

Net assets released from restriction:

Citizens Task Force	<u>172,388</u>
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Total unrestricted revenue and other support	<u>452,828</u>
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Expenses

Management and general Program	234,362
Community development	172,389
Community report card	13,863
Research and development	3,534
Leadership program	<u>34,695</u>

Total expenses	<u>458,843</u>
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Increase (decrease) in unrestricted net assets	(6,015)
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Changes in Temporarily Restricted Net Assets:

Revenues:

Capital Regional Competitive Strategy	
State grant	50,000
Other expenses	150,000

Citizens Task Force	123,347
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Net assets released from restriction:

Capital Regional Competitive Strategy	(200,000)
Citizens Task Force	<u>(172,388)</u>

Decrease in temporarily restricted net assets	<u>(49,041)</u>
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(Decrease) in Net Assets	(55,056)
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Net Assets, beginning of year	<u>96,246</u>
Net Assets, end of year	\$ 41,190

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The accompanying notes are an integral part of this statement.

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2001

Cash flows from operating activities:	
Cash received from investors	\$ 227,566
Cash paid to suppliers	(258,513)
Interest received	<u>848</u>
Net cash used by operating activities	(30,099)
Net decrease in cash	(30,099)
Cash at beginning of year	<u>84,317</u>
Cash at end of year	\$ 54,218
	=====

Reconciliation of decrease in net assets to net cash
used by operating activities:

(Decrease) in net assets	\$ (55,056)
Adjustments to reconcile decrease in net assets to net cash used by operating activities	
Decrease in accounts receivable	1,500
Decrease in pledge receivable	39,959
Increase in accounts payable	8,934
Decrease in due to related party	(25,930)
Increase in deferred leadership income	423
Increase in other deferred income	<u>71</u>
	\$ (30,099)
	=====

Supplemental schedule of noncash operating activities:

The Chamber provided contributions in-kind in the form of management services, program expenses and support including equipment use, office space and support staff. The allocation of contributions and expenses paid by the Chamber are as follows:

Salaries and wages	\$ 151,459
Program expenses	43,074
Building and equipment use	<u>31,875</u>
	\$ 226,408
	=====

The accompanying notes are an integral part of this statement.

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001

Note I - Nature of Organization and Summary of Significant Accounting Policies

A. Nature and Purpose

The Greater Baton Rouge Economic Partnership, Inc. (the Organization) was incorporated on April 19, 1994 and was formed as a public non-profit organization under Internal Revenue Code Section 501(c)(3). According to its by-laws, the mission of the organization is to benefit and increase the quality of life of the general public in and around the Baton Rouge area by promoting and supporting activities and functions that attract business, educate the public, create jobs and that otherwise tend to increase economic growth and development in the region.

B. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increased in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

C. Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities accordingly to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

D. Contributions

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of nature of any donor restrictions.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days.

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001

G. Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Note 2 - Temporary Restrictions of Net Assets

Capital regional competitive strategy

The Greater Baton Rouge Chamber of Commerce (the Chamber) and nine regional parishes have engaged a consulting firm to develop a strategic plan to stimulate the region's economy. This strategy is to determine how the Baton Rouge metropolitan region has been performing over the past decade and how it compares to other North American regions. The objective is to carry-out a strategic vision and strategy to guide the region's economy to higher levels of performance. This contract is being funded by the Chamber, a grant from the State of Louisiana Department of Economic Development and the nine regional parishes

Citizens Task Force

The Citizens Task Force was established as a friend to the Court, to assist the East Baton Rouge community to settle a forty-five year law suit. To fund this task, the Economic Partnership has acquired donations from unrelated parties and from The Greater Baton Rouge Chamber of Commerce (Note 3). This Organization has raised support of \$258,899, of which \$235,574 has been spent. The remaining balance of \$23,325 is recorded as a temporarily restricted asset (Note 2).

Note 3 - Related Party Transactions

The Greater Baton Rouge Economic Partnership, Inc. and the Greater Baton Rouge Chamber of Commerce, Inc. work closely together to develop and enhance the growth of the Baton Rouge economy. The Chamber provided contributions in-kind in the form of management services, support and indirect costs including equipment use, office space and support staff.

The Chamber valued these contributions as follows:

Salaries and benefits	\$151,459
Program expenses	43,074
Building and equipment use	<u>31,875</u>
	\$226,408
	=====

The Partnership has reimbursed the Chamber \$50,000 and owes the Chamber \$9,073 for various program expenses.

The Partnership has received \$120,981 from the Chamber to support the Citizens Task Force (Note 2). Additional funds of \$25,000 have been promised and recorded as a pledge receivable.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain reports on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The report on compliance internal control over financial reporting is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses.

MICHAEL K. GLOVER

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Report on Compliance and on Internal Control over Financial Reporting Based Upon An Audit of the Financial Statements Preformed in Accordance with Government Auditing Standards

Board of Directors
The Greater Baton Rouge Economic Partnership, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of The Greater Baton Rouge Economic Partnership, Inc., as of and for the year ended December 31, 2001, and have issued my report thereon dated July 3, 2002. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether The Greater Baton Rouge Economic Partnership, Inc., financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on the compliance with those provisions was not an objective on my audit and, accordingly, I do not express such an opinion. The results of my test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered The Greater Baton Rouge Economic Partnership, Inc. internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I

Board of Directors
The Greater Baton Rouge Economic Partnership, Inc.
Baton Rouge, Louisiana
Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit
of Financial Statements Performed in Accordance
with Government Auditing Standards
July 3, 2002

noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of management and interested federal, state agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Baton Rouge, LA
July 3, 2002

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July 3, 2002

To the Board of Directors and The Greater
Baton Rouge Economic Partnership, Inc.
Baton Rouge, Louisiana

To the Board of Directors:

In connection with my audit of the financial statements of The Greater Baton Rouge Economic Partnership, Inc. Not-for-Profit Organization as of December 31, 2001, and for the year then ended, I noted certain areas relating to the system of internal control and other areas not directly affecting the internal controls I felt were worth presenting comments and recommendations for your consideration. Considering the test character of an examination, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against irregularities that a test examination may not disclose. These comments and recommendations were developed from observations made and information furnished to me during the course of my examination.

This letter deals with those areas I feel changes are desirable and practicable and does not necessarily disclose all weaknesses in the system. This letter should be not inferred that my examination failed to disclose good features in the internal controls; I simply do not enumerate them in detail because the purpose of this letter is to recommend possibilities for improvements.

Observation

While reviewing the overall financial position of the Partnership, I observed disbursements made to the Citizens Task Force and ICF Incorporation that were not documented in the minutes of the Partnership.

It is evident the funds used to assist these projects came from the Chamber and designated by the Chamber's Board for this purpose. However, the final disbursement was made by the Partnership.

Recommendation

The purpose of the Chamber and the Partnership defined in their respective by-laws are similar in some areas. With the increase of activity over the past few years in the Partnership, it is my opinion the minutes of the board of directors of the Partnership should document the approval of certain disbursements and identify the source of revenues for any contributions.

Response

There are not enough active board members of the Partnership to create a quorum at a board meeting and the Partnership does not have any members to elect a new board under the current by-laws. We are in the process of changing the by-laws to allow the Executive Committee Members of the Chamber of Commerce to serve as board members of the Partnership.

To the Board of Directors and The Greater
Baton Rouge Economic Partnership, Inc.
Management Letter
July 3, 2002
Page 2

Observation

During my engagement, I review the signature cards on file with Bank One. The bank account #2101210378(Operating account) have Cynthia Michaels and Mr Waters as authorized signatures and acct #1577988163 (Citizens Committee) does not have a signature card on file.

Recommendation

Current signatures should be prepared and placed on file with Bank One.

Response

An updated signatures card of acct #2101210378(Operating account) was filed with Bank One last year. Another signature card on this account will be filed again if they cannot locate the updated signatures.

The signature card of acct #1577988163(Citizens Committee) will be completed and placed on file with Bank One.

The above observations and recommendations were developed from my experience of auditing the controls and records of similar entities. Only management can determine whether these recommendations can be effectively implemented.

I would like to express my appreciation to the personnel for their assistance and cooperation with this engagement.

Very truly yours,



Michael K. Glover